



NONPROFIT NEWS

From the Charitable Law Section at the Office of Ohio Attorney General Richard Cordray

EARTHQUAKE RELIEF DONORS NEED TO DO THEIR HOMEWORK

People are eager to help in the wake of the Haitian earthquake. Ohio Attorney General Richard Cordray encourages Ohioans to help, but cautions them to exercise care as they make decisions about donating to rescue efforts. Widespread charitable scams have followed other large-scale disasters such as the Asian tsunami and Hurricane Katrina.

Online social networks are front and center as consumers Twitter information or text donations in support of relief

efforts. Potential donors should ask questions and make sure they understand how they will be billed for donations made via cell phone before they give.

Typically, users are asked to donate by texting a word, such as "Haiti" to a five- or six-digit code on a cell phone. Completing the transaction may require as many as four separate texts. The amount of the donation and any additional texting fees that apply will be added to the user's

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ATTEND BINGO SCHOOL THIS YEAR

Attend a free, three-hour class on how to conduct bingo by the book. Bingo operators, organization volunteers and anyone considering charitable gaming activities are encouraged to attend. Separate trainings are offered for representatives of veteran, fraternal and sporting organizations, and representatives of 501(c)(3)s.

Call (800) 282-0515. Participants must register in advance for this free training.

Upcoming bingo school dates are available at www.OhioAttorneyGeneral.gov/BingoSchool

NONPROFIT BOARDS GET A FRESH START IN THE NEW YEAR

January is a time to plan on how to incorporate positive changes into the coming year. Charity leaders should use the fresh start to make certain that they are complying with their legal duties as board members.

Questions board members should ask include:

- Are the by-laws and governing documents being followed?
- Are there appropriate records and reports being developed and reviewed by the board?
- Are there financial policies and practices in place that protect funds?
- Have those processes been reviewed by the board?
- Is there an appropriate separation of duties for handling incoming and

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TOUGH TIMES MEAN CHARITABLE BOARDS SHOULD EXAMINE ANTI-FRAUD MEASURES

The Association of Certified Fraud Examiners just released a study on the impact of the recession on occupational fraud. Based on a survey of fraud experts, the association reports that there has been an increase in the frequency of theft and the dollar amount lost to fraud during a 12-month period from early 2008 through early 2009.

The report notes that increased fiscal pressure at home is a prime contributor to the increase in fraud. This comes at the same time that organizations are cutting

their work force, and perhaps taking shortcuts on internal controls. Nonprofits, like their counterparts in the traditional business sector, face the same threats from fraud. At a time when resources are scarce, charities can't afford to lose assets to embezzlement and theft.

One of the most important duties of charity board members is to review and refine policies aimed at reducing theft. The Guide for Reducing the Risk of Theft lists specific policies and suggestions for reducing the risk of theft

within charitable organizations. For example, the board should analyze how cash is handled, how donations are processed and how bills and invoices are processed. Adopting appropriate internal controls and processes can prevent embezzlement and, if theft does occur, can lead to a speedier discovery.

Download the Avoiding Theft in your Nonprofit:

www.OhioAttorneyGeneral.gov/AvoidNonprofitTheft

EARTHQUAKE RELIEF DONORS NEED TO DO THEIR HOMEWORK, CONTINUED

cell phone bill.

As always, consumers should not be afraid to ask questions. Any legitimate organization will be more than happy to answer questions. For more information about good giving habits, visit www.OhioAttorneyGeneral.gov/GoodGiving

NONPROFIT BOARDS GET A FRESH START IN THE NEW YEAR, CONTINUED

outgoing funds?

- Are annual tax returns and filings with the Ohio Attorney General's office being made?
When was last time the conflict of interest policy was reviewed?

To learn more about these duties and others, refer to our Guide for Charity Board Members: www.OhioAttorneyGeneral.gov/GuideforCharityBoardMembers

For information on board governance, fundraising information, issues related to the development of internal controls and other items of interest in guiding charities, refer to our Nonprofit Handbook: www.OhioAttorneyGeneral.gov/NonprofitHandbook

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NEW YEARS RESOLUTION: PLAN STRATEGICALLY

It is no secret that charities throughout the country are suffering through the same tough economic times as businesses and families. While donations may be down, the demand for charitable services often rises, creating a huge stress on nonprofit organizations.

Strategic planning processes can produce roadmaps that are helpful for the good times and the challenging times. A simple approach involves a Strength, Weakness Opportunity and Threat (SWOT) analysis. Board members would take a close look at the internal and external strengths and weaknesses of the organization, as well as the opportunities and threats that may be on the horizon. During these tough times, charities will likely be identifying threats connected to the economic climate and donations.

Strategic planning can bring difficult issues to the surface, producing challenging and tough discussions and decisions, but well-considered conclusions can create a more effective approach than rushed decisions during a crisis. Clarifying the goals and direction of an organization will be a critical step in trying to move organizations through these economically difficult times.

QUESTIONS AND COMMENTS

- Thank you to all of you who have shared your thoughts about the Nonprofit News! Please consider submitting a question that might be of interest to others, and it may be featured in an upcoming edition. Send comments or questions to CharitableLaw@OhioAttorneyGeneral.gov.

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- Receive an electronic version of Nonprofit News by signing up at www.OhioAttorneyGeneral.gov/NonprofitNews